

CONFIDENTIAL

#997044 and
997265

NPIC/TDS/D-998-67
31 August 1967

MEMORANDUM FOR: Chief, Procurement Division, OL

THROUGH : Chief, Support Staff, NPIC

SUBJECT :

[REDACTED]

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1. The subject contracts are for the design development and fabrication of various light tables; [REDACTED] for three Advanced Light Tables and [REDACTED] for a Wide-Field, High-Power Stereoviewer, essentially a light table for the [REDACTED] Versatile Stereoviewer.

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2. Financial difficulties have been encountered in the past in both of these contracts. Specifically, on [REDACTED] an overrun of [REDACTED] was granted on 4 May 1967 and on [REDACTED] an overrun of [REDACTED] was allowed on 22 March 1967. Continual financial concern has been expressed by the Technical Monitor on both of these efforts; in particular, [REDACTED] has received extraordinary attention. Contract Inspection Reports of [REDACTED] dated 23 April, 15 June and 15 August exhibit this concern. The Contractor's explanation for this apparent overrun condition was outlined in this letter dated 20 June 1967 which basically stated that contractual disallowances would accommodate the amount shown as an overrun. [REDACTED] has not recently exhibited an overrun condition; however, verbal assurances resounding of the explanations of the 29 June letter have been forthcoming from the Contractor upon every incident of inquiry concerning a potential overrun.

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3. On 25 August 1967 the Contractor verbally notified the undersigned that because of the substantial change in the allowable overhead rate, an overrun condition exists in both of these efforts. Specifically, funding appropriations of approximately [REDACTED] are required to complete contracts [REDACTED] respectively.

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4. The purpose of this memorandum is to inform you of this condition and to request written confirmation of this matter from the Contractor. [REDACTED] should be instructed to stop work on [REDACTED] and ship the partially completed light table if, in fact, all the funds have been expended. It should be made clear that no additional funds will be available for this contract. Additionally, it is requested that your letter to the Contractor express the Government's extreme dissatisfaction concerning [REDACTED]

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DECLASS REVIEW by NIMA/DOD

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25X1
SUBJECT: [REDACTED]

poor administrative control over the subject contracts, especially in view of the Government's constant and persistent effort to maintain this effort within the allocated funding. It is grossly unjust to other Contractors who competitively bid conservatively to make an award to [REDACTED] as the lowest bidder if in fact overruns are predictable. Evidence as exhibited by these two contracts (and others such as [REDACTED]) indicate with increasing certainty that overruns with this Contractor are predictable. Although no accusation of fraud is intended, [REDACTED] should be put on notice that this Agency will not tolerate numerous and recurring overruns that is indicative of their past and current performance and that this condition is seriously jeopardizing the possibility of their future business with NPIC.

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[REDACTED]
Colonel, USAF

Assistant for Technical Development, NPIC

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25X1
NPIC/TDS/DS: [REDACTED]

(31 Aug 67)

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